

ASX Announcement

Santos Basin Brazil Revised Appraisal Plan Approved

Karooon Gas Australia Ltd is pleased to announce the company has received written notification from the Brazilian oil and gas regulator, the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis ('ANP'), advising that the revised Appraisal Plan ('PAD') for Karooon's 65% owned Santos Basin blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166 (the 'Blocks') has been approved.

The revised PAD specifies the minimum firm and contingent work program commitments required to be completed to satisfy the joint venture's obligations under the concession agreement. This is an important milestone for Karooon as it paves the way for the joint venture to finalise and prepare for the forward work program in the Santos Basin Brazil as follows:

- The appraisal drilling of the Echidna and Kangaroo light oil discoveries is expected to provide greater resource certainty.
- While the firm work program commitments are to be completed by 31st December 2018, Karooon expects to commence the appraisal drilling of the Echidna light oil discovery during 2016. The PAD provides Karooon significant flexibility with respect to the timing of capital expenditure.
- Karooon expects to install an Early Production System ('EPS') on the Echidna field contingent upon continued appraisal drill success at Echidna.
- An EPS will likely consist of 2 or more production wells which are expected to provide vital technical information about reservoir production performance and would form the basis for commencement of a full field development.
- An EPS at Echidna would provide an important analogue for understanding Kangaroo and other similar oil accumulations in the Blocks.
- The new 3D seismic survey included in the PAD will allow better risking and ranking of other prospects in the Blocks. It is expected, that upon exploration and appraisal success additional resource would be tied back to a centrally located floating production, storage and off-loading vessel.
- There is significant flexibility with respect to timing and location for the forward drilling program.

Karooon's Managing Director, Mr. Robert Hosking said, *"the approval of the revised PAD is significant for the Company. Karooon is now in a position to move forward and contract a drilling rig to commence the next iteration of the work program during 2016."*

With a robust balance sheet, Karooon is well positioned to take advantage of the current low oil price environment and benefit from falling development and operating costs.

The forward appraisal drilling of the material Echidna and Kangaroo light oil discoveries is an exciting next step for the company, and success could lead to early production which would also bring cash flows.

The Board is excited about the 2016 work program and appraisal success at Echidna and Kangaroo will underwrite Karooon's ambitions of transitioning into a development and production company.

Key elements contained in the revised PAD are as follows:

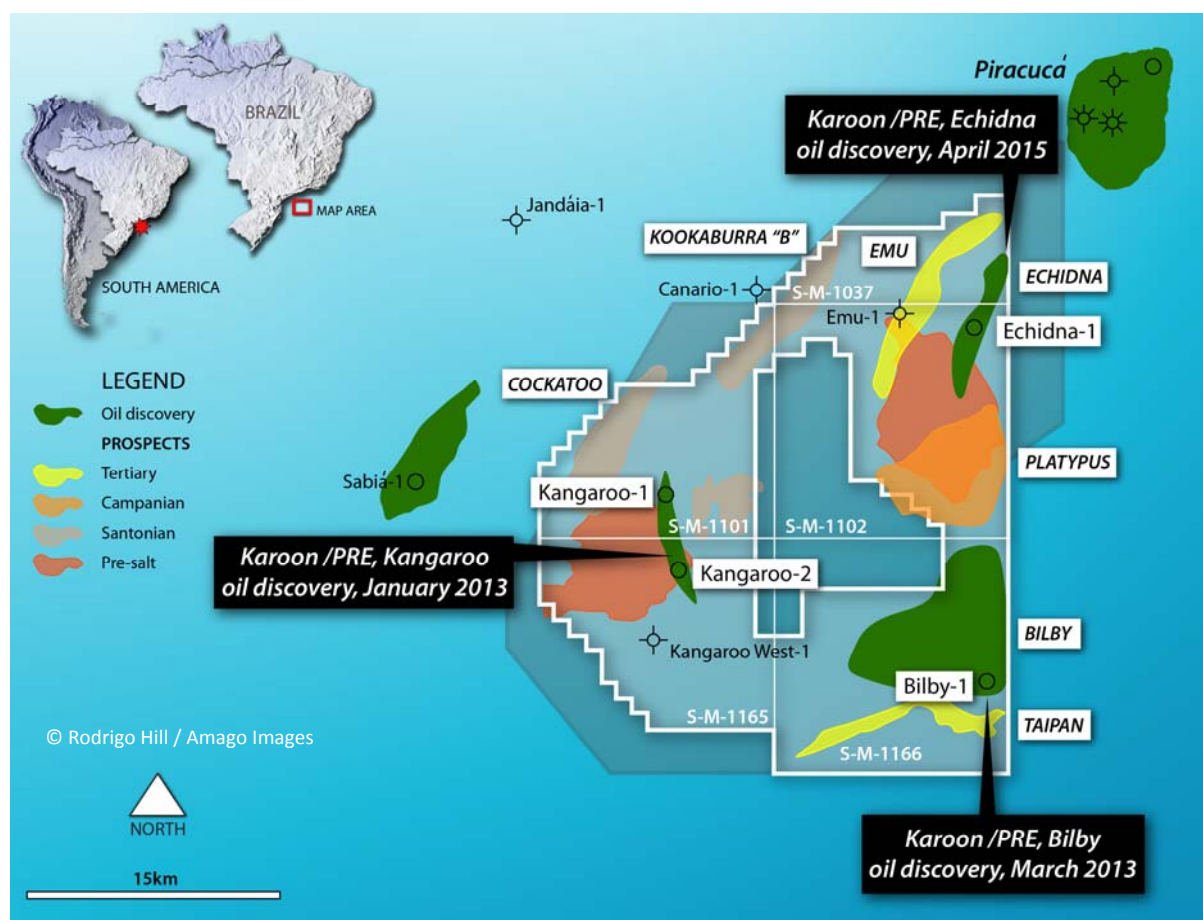
Firm Commitments

- All firm commitments are to be completed by the 31st of December 2018
- Two wells expected to be drilled in the Emu / Echidna area
- Acquisition and processing of a 3D seismic survey over the full PAD acreage
- Pre-stack depth migration of data in 2 millisecond frequency
- Further processing of 2ms data to increase frequency / resolution

Contingent Commitments

- Contingent work program period will commence on the 1st of January 2019
- Consists of drilling up to four contingent wells
- Each contingent well drilled will result in a 6 month extension to the contingent period. Therefore if one well is drilled the contingent work period will extend until the 30th of June 2019. If all four wells are drilled then the contingent work program period will extend until 31 December 2020.

Pacific Exploration and Production (formerly Pacific Rubiales Energy Corp.) owns the remaining 35% equity interest in the Blocks.



About Karoon Gas Australia Ltd

Karoon Gas Australia Ltd is an international oil and gas exploration company with projects in Australia, Brazil and Peru and a member of the S&P/ASX 200 Index.

Karoon looks for high equity interests in early stage exploration opportunities containing large potential targets in basins with proven Petroleum Systems. Karoon strives to create shareholder value through the geotechnical work-up of the acreage, leveraging its high equity interests to explore and appraise these opportunities to achieve commercialisation.

While the company's core strategy is identifying off-shore early stage exploration opportunities, Karoon's longer-term strategy is to retain residual equity interests in the assets as they go into production.

For further information please see the Karoon website or contact:

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You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this announcement necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of Karoon. Such statements may cause the actual results or performance of Karoon to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this announcement.

Karoon disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.